

Exhibit 21

*State of California ex rel. Ven-A-Care of the Florida Keys, Inc. v.
Abbott Labs, Inc. et al., Civil Action No. 03-11226-PBS*

**Exhibit to the November 25, 2009 Declaration of Philip D. Robben
in Support of Defendants' Joint Motion for Partial Summary Judgment**

CH: ACC 04-000070

CF-18

A-06-00-00023

RECORD OF DISCUSSION

DATE: August 30-31, 1994 R

PLACE: Radisson Hotel, Richmond, Virginia R

PARTICIPANTS:

OIG

George Reeb, AIGA, HCFAD
Ben Jackson, Audit Manager
Gordon Sato, Audit Manager
Bill Shrigley, Senior Auditor
Paul Chesser, Auditor

HCFA R

Dave McNally
Mike Keogh

Medicaid Pharmacy Reps. R

Susan McCann, Missouri
Susan McCleod, Florida
Donna Bovell, D.C.
David Shepherd, Virginia
Elizabeth Miller, Virginia
Joe Fine, Maryland
Allen Fung, California
Ed Vaccaro, New Jersey
Cindy Denemark, Delaware
Benny Ridout, North Carolina
Terry Krantz, Montana

PURPOSE:

To discuss and plan our nationwide review of the difference between the invoice price for drugs and AWP, for Medicaid pharmacy providers. R

COMMENTS:

We informed the States that they were 1 of 12 randomly selected States to be used to develop a nationwide estimated of the difference between invoice price of drugs and AWP. We stated that HCFA had requested us to perform this review as the moratorium on pharmacy reimbursement would expire on December, 31, 1994. We further explained that we would be requesting the largest invoice for a designated month from 48 pharmacies in each State, with 12 pharmacies being selected from 4 categories of pharmacies -- Rural-Chain, Rural-Independent, Urban-Chain, and Urban-Independent. We indicated that each State would receive a report showing the results for their State and that the combined results would be reported to HCFA.

The State officials expressed concern that our review was limited to one aspect of pharmacy reimbursement. They said that any effort to lower the reimbursement for acquisition cost should also include some review of dispensing fees. They stated that we should include a fifth category of pharmacies to include non- R

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EXHIBIT

WIT: Fung

DATE: 6-5-09

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A-06-00-00025

traditional retail pharmacies such as hospitals, home IV, nursing homes, physicians etc... The State officials believed that these pharmacies purchased at substantially bigger discounts than traditional retail pharmacies* They also stated that we should request the largest invoice from each different type of supplier rather than just the largest invoice.

We agreed to add the fifth category of pharmacies. We also agreed to request the largest invoice from each different type of supplier. We decided that the types of suppliers would be identified as; 1) wholesaler, 2) chain warehouse, 3) manufacturer, and 4) generic distributors. Additionally, we determined together, that for the purposes of this review, chain pharmacies would include all pharmacies with four or more stores. We also composed the letter to be sent to each pharmacy requesting the invoices.

The State officials agreed to provide us with a listing of the pharmacy providers in their State. The listing would identify the pharmacies as chain, independent or other (non-traditional). We would determine whether the pharmacy was rural or urban by comparing the county location of the pharmacy to an MSA listing.

We agreed to meet upon the completion of the review to discuss the reporting of our results.

* The State officials believed that including the non-traditional pharmacies would overstate the estimate of the difference.

We agreed to exclude the non-traditional pharmacies from the overall estimates. Most State ~~want~~ were interested in seeing what the non-traditional paid for drugs so we decided to calculate an estimate for them.

P. Chao
12-4-95

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